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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/12

SPONSOR Eichenberg LAST UPDATED _____ HB _____

SHORT TITLE Freeze 2012 Property Tax Rates at 2011 Levels SB 308

ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
See Narrative			Recurring	Local Governments, School Districts

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

NO Response from TRD

SUMMARY

Synopsis of Bill

Senate Bill 308 would freeze the action of yield control on property tax rates at the 2011 property tax year level for one year. The bill would have no effect on debt rates or voter-approved rates. Yield-controlled rates could decrease, but not increase.

Effective Date: Not specified; 90 days following adjournment (May 16, 2012).

FISCAL IMPLICATIONS

This bill can be considered a companion to SB-145, a proposed extension of the 3% annual limitation on property valuation increases. However, it would have limited effect without the passage of SB-145.

This affect of this bill is quite difficult to model. The fiscal impact may be revised upon receipt of an analysis from TRD.

OTHER SUBSTANTIVE ISSUES

Does the bill meet the Legislative Finance Committee tax policy principles?

- Adequacy: Revenue should be adequate to fund needed government services.

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- Efficiency: Tax base should be as broad as possible and avoid excess reliance on one tax.
- Equity: Different taxpayers should be treated fairly.
- Simplicity: Collection should be simple and easily understood.
- Accountability: Preferences should be easy to monitor and evaluate

This bill may be counter to the LFC tax policy principle of adequacy. According to the LFC staff General Fund Recurring Appropriation Outlook for FY14 and FY15, December 2011 forecasted revenues will be insufficient to cover growing recurring appropriations

The sponsor might want to consider a “sunset clause” so that the efficacy of this amendment can be evaluated.

ANA/lj